

Kentucky Agricultural Finance Corporation

Minutes of the July 22, 2011 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board of Directors was held Friday, July 22, 2011 at the James E. Bruce Convention Center, 303 Conference Center Drive, Hopkinsville, KY. Bruce Harper, designee for Commissioner Richie Farmer, presiding, called the meeting to order at 9:00 a.m. CDT.

Notification of Press

Mr. Harper received verification that the media had been notified regarding the Kentucky Agricultural Finance Corporation (KAFC) monthly meeting.

Roll Call

Members Present

Bruce Harper (designee for Commissioner Farmer), Westy Adams, George Begley, Kenneth Burdine, Wayne Hunt, Larry Jagers, Doug Lawson, Frank McAninch, Tom Midkiff (designee for Secretary Miller), Joel Oney, Peggy Peterson

Members Absent - Frank Penn

Others Present

Staff – Roger Thomas, Diane Fleming, Sandy Gardner, Cyndi Hall, Amanda Kachler, Christi Marksbury, Bill McCloskey, Joel Neaveill, Kylee Palmer, Mike Tobin

KADB Members – Dr. Betty Bailey, Roy Collins, Karen Curtis, Don Goodin, Pat Henderson, Sam Lawson, Wayne Mattingly, Sam Moore, Troy Rankin, Jim Sidebottom, Dean Scott Smith, Mac Stone

Guests – Lowell Atchley and Biff Baker, Legislative Research Commission (LRC); Erin Bragg, Farm Credit Services

Welcome/Introduction of Guests

Mr. Harper welcomed the Board and guests to the KAFC Board meeting stating that this was a special meeting where the Kentucky Agricultural Development Board (KADB) was also in attendance. They were welcomed to comment, but not to vote.

Review and Approval of Minutes

Westy Adams moved to approve the minutes of the April 1, 2011 KAFC Board of Directors meeting, as presented; Joel Oney seconded the motion. *The motion passed without dissent.*

Reports

Executive Director's Report

Mr. Harper called on Roger Thomas to give the Executive Director's Report. Mr. Thomas welcomed both Boards and introduced Dr. Betty Bailey and Roy Collins, the two new Board members of the KADB, and Frank McAninch, the new KAFC Board member. All three have been sworn in prior to the meeting. Mr. Thomas reported on the activities and meetings of the Governor's Office of Agricultural Policy (GOAP) staff.

The Director of Financial Services Report

Mr. Harper asked Bill McCloskey to give the Director of Financial Services Report. Mr. McCloskey reviewed the financial position report (below) of KAFC.

KAFC Statement of Financial Position	
ASSETS (as of 06/30/2011):	
Interest Earned from Loans	\$ 2,445,390
Interest Earned from State Investment Commission	1,074,486
Interest Fund (2802 Acct.)	3,519,876
Principal/Loan Fund (2803 Acct.)	2,956,719
Loan Funds Disbursed	29,175,469
KADB Approved Loans not Transferred	0
Funds Held by State & not transferred to KAFC	2,000,000
Total Assets	\$37,652,063

Larry Jagers moved to approve the financial report; Mr. Adams seconded the motion. *The motion passed without dissent.*

Cyndi Hall presented the proposed changes to the Loan Guidelines. Staff recommended new guideline approval. **Mr. Adams moved to approve the guideline changes as presented;** Joel Oney seconded the motion. *The motion passed without dissent.* **Wayne Hunt moved to apply all applications received prior to July 22, 2011 to the old guidelines and all applications received after July 22, 2011 are to be under the new guidelines;** George Begley seconded the motion. *The motion passed without dissent.*

New Business

The following applications were received between May 24, 2011 and July 1, 2011.

Agricultural Infrastructure Loan Program -- Discussion and Action

AF11-0022 **Bell, Benjamin "Dwain" and Deborah** -- Applicants requested \$25,000 for the construction of a dark fired tobacco barn in Calloway County. FNB Bank in Murray is the participating lender. Staff recommended loan approval. **Peggy Peterson moved to approve AF11-0022, based on staff's recommendation, pending fund availability;** Kenny Burdine seconded the motion. *The motion passed without dissent.*

AF11-0024 **Trunnell, Edward and Shirley** -- Applicants requested \$100,000 for the construction of a grain dryer in Daviess County. Independence Bank in Livermore is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve AF11-0024, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

AF11-0025 **Combs, Howell and Casey** -- Applicants requested \$24,587 for the construction of a Pac barn in Monroe County. Edmonton State Bank in Tompkinsville is the participating lender. This loan was approved by staff (July 14, 2011), based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

AF11-0026 **Rudy, James "Neil" and Vicky** -- Applicants requested \$55,000 for the construction of a tool shed in Daviess County. Branch Banking and Trust Company in Owensboro is the participating lender. Staff recommended loan approval. **Mr. Burdine moved to approve AF11-0026, based on staff's recommendation, pending fund availability;** Doug Lawson seconded the motion. *The motion passed without dissent.*

AF11-0028 **Stewart, Stephen** -- Pending

Beginning Farmer Loan Program -- Discussion and Action

AF11-0023 **Wright, David** -- Pending

AF11-0027 **Higdon, Brandon and Amy** -- Applicants requested \$75,950 for the purchase of ½ undivided interest of 116 acres of farmland in Webster County. Farm Credit Services in Hopkinsville is the participating lender. Staff recommended loan approval under the new guidelines adopted July 22, 2011. **Mr. Hunt moved to approve AF11-0027, based on staff's recommendation and as an exception using the new guidelines, pending fund availability;** Larry Jagers seconded the motion. *The motion passed without dissent.*

Diversification through Entrepreneurship in Agribusiness Loan Program—Discussion and Action

AF11-0029 **Collins, Corey** -- Pending

Old Business

Beginning Farmer Loan Program -- Discussion and Action

AF11-0019 **Jones, Ethan** -- Applicant requested \$147,286 for the purchase of an 87.97 acre farm in Marion County. Staff recommended loan approval. **Mr. McAninch moved to approve AF11-0019, based on staff's recommendation, pending fund availability;** Mr. Adams seconded the motion. *The motion passed without dissent.*

Extension Request

AF10-0026 **Kelsey, James** -- Applicant requested an extension for this loan. The extension is needed because weather has prevented completion of the project. Staff recommended approval of the extension to October 5, 2011. **Mr. Oney moved to approve the extension request of AF10-0026, based on staff's recommendation;** Mr. Adams seconded the motion. *The motion passed without dissent.*

Paid in Full—No Action Necessary

AF08-0003 **Triple E Farms**

Closing Remarks

The next meeting of the KAFC Board will be Friday, September 2, 2011 Transportation Cabinet Office Building, 200 Mero Street, Frankfort, KY. The regular business meeting of KAFC will begin at 10:00 a.m. EDT.

Mr. Adams moved to adjourn; Mr. McAninch seconded the motion. *The motion passed without dissent.* The meeting adjourned at 10:57 a.m. CDT.

APPROVED: 9-2-2011

PRESIDING OFFICER:

Bruce Hopper

SECRETARY:

Cyndi Hall